

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

Water Branch

RESOLUTION NO. W-4445

December 18, 2003

**R E S O L U T I O N**

**(RES. W-4445), STIRLING BLUFFS CORPORATION (SBC).  
ORDER AUTHORIZING A ONE-TIME SURCHARGE TO  
RECOVER AN INCREASE IN WATER TESTING COSTS  
PRODUCING AN INCREASE IN ANNUAL REVENUE OF  
\$937.50 OR 2.63%.**

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**SUMMARY**

By Advice Letter No. 40, filed October 31, 2003, SBC seeks to add a one-time surcharge of \$6.05 over two billing cycles at the rate of \$3.02 and \$3.03, respectively, per cycle to their Schedule No. 1, Metered Service. The increase requested is to recover water testing costs incurred from January 1, 2003 to December 31, 2003 over and above the amount allowed in the SBC's last general rate case. This resolution authorizes the increase requested. The increase will not result in a rate of return greater than last authorized for SBC.

**BACKGROUND**

SBC is a wholly owned subsidiary of Del Oro Water Company, a Class B utility. SBC provides water service to 155 customers in the community of Stirling City, Butte County. SBC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to recover \$937.50 via a one-time surcharge over two billing cycles for water testing costs including water sampling, testing, and treatment costs incurred in the period of January 1, 2003 through December 31, 2003. SBC's current rates became effective on October 27, 2003, pursuant to the authorization of a one-time surcharge of \$3.37 assessed each customer to offset Department of Health Services Fees for the period of July 1, 2003 to June 30, 2004. The utility's last general rate increase was authorized pursuant to Res. W-3912, dated March 22, 1995, which authorized an

increase of \$3,369 or 6.1% producing a rate of margin of 15.92% using the operating ratio method of calculating revenue.

## **DISCUSSION**

Res. No. W-4013, dated December 20, 1996, renewed by Res. No. W-4327, dated March 6, 2002, authorized all Class B, C, and D water utilities to establish water quality memorandum accounts (WQMA) for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs not presently included in rates. Class B, C, and D water utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with General Order No. 96-A. WQMA recovery requires a resolution.

The surcharge requested herein would allow SBC to recover WQMA balances for the period of January 1, 2003 through December 31, 2003. The utility was last authorized to earn a rate of margin of 15.92%, therefore, it is not overearning. The utility is currently before the Commission with a general rate increase request. The Division recommends that SBC be authorized to assess a one-time surcharge of \$6.05 per customer to be collected over two billing cycles at \$3.02 and \$3.03, respectively, per cycle.

## **COMPLIANCE**

Service by SBC is satisfactory and there are no outstanding orders by the Commission requiring compliance.

## **NOTICE AND PROTESTS**

Notice of the proposed rate increase was published in "The Paradise Post" on November 4, 2003, a newspaper of general circulation. The Division received no letters objecting to the increase.

## **FINDINGS**

1. Res. W-4327 authorizes water utilities recovery of water-testing costs, above the amount last authorized in rates.
2. Pursuant to investigation by the Water Division, requested increase is justified, and accurately represented.

3. SBC is operating at a loss on a recorded basis and therefore not overearning.
4. The proposed cost recovery of one-time rate surcharge to be paid over two billing cycles is a just and reasonable rate.

**THEREFORE IT IS ORDERED THAT:**

1. Stirling Bluffs Corporation is authorized, five days after the effective date herein, to make effective the revised rate Schedule No. 1, Metered Service, attached to Advice Letter 40, and to cancel the presently effective rates.
2. Stirling Bluffs Corporation is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 18, 2003; the following Commissioners voting favorably thereon:

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WILLIAM AHERN  
Executive Director

MICHAEL R. PEEVEY  
President

CARL W. WOOD  
LORETTA M. LYNCH  
GEOFFREY F. BROWN  
SUSAN P. KENNEDY  
Commissioners